



## FISCAL UPDATE News Article

*Fiscal Services Division*

April 8, 2015



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### REVISED GENERAL FUND BALANCE SHEET PROJECTION (AFTER THE 3/19/15 REC MEETING)

**Revised Balance Sheet.** Attached is the revised Legislative Services Agency (LSA) balance sheet for FY 2015 and FY 2016 that incorporates the March estimates of the Revenue Estimating Conference (REC). The REC included the impact of the Internal Revenue Code (IRC) Update Bill in the estimates as the Bill was signed into law by the Governor prior to the March 19 REC meeting. The IRC Update Bill reduced the FY 2015 General Fund revenue estimate by \$99.0 million and increased the FY 2016 estimate by \$19.2 million.

**Built-in Increases.** It should also be noted that the LSA did not make any changes to the FY 2016 built-in increases from the January estimate published in the [Summary of the FY 2016 Budget and Governor's Recommendation](#). However, it is anticipated that there may be a sizeable increase for salary adjustment in FY 2016, but no estimate is currently available. The LSA continues to gather information from the collective bargaining agreements and the Executive Branch to formulate an estimate of the built-in increase due to collective bargaining.

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**State of Iowa**  
**Projected Condition of the General Fund Budget**  
(Dollars in Millions)

	<u>Actual FY 2014</u>	<u>Revised FY 2015</u>	<u>Revised Projection FY 2016</u>
<b>Funds Available:</b>			
Receipts	\$ 7,712.0	\$ 8,003.8	\$ 8,482.0
Refund (Accrual Basis)	- 955.3	- 937.0	- 953.0
School Infrs. Refunds (Accrual)	- 440.4	- 450.7	- 473.7
Accruals (Net)	- 16.2	27.4	20.0
Transfers	189.0	123.9	100.2
Subtotal Receipts	<u>6,489.1</u>	<u>6,767.4</u> <sup>1/</sup>	<u>7,175.5</u>
Surplus Carryforward (EEF Excess)	<u>679.3</u>	<u>642.2</u>	<u>319.1</u>
<b>Total Funds Available</b>	<u>\$ 7,168.4</u>	<u>\$ 7,409.6</u>	<u>\$ 7,494.6</u>
<b>Expenditure Limitation</b>			<b>\$ 7,422.8</b>
<b>Estimated Appropriations and Expenditures:</b>			
Enacted Appropriations/FY 16 Baseline	\$ 6,482.6	\$ 6,994.3	\$ 6,979.4
Supplemental (Medicaid)		68.0 <sup>2/</sup>	
Built-in and Anticipated Increases			487.7
Adjustment to Meet Expenditure Limit			- 44.3
<b>Total Appropriations</b>	<u>\$ 6,482.6</u>	<u>\$ 7,062.3</u>	<u>\$ 7,422.8</u>
Reversions	- 21.0	- 5.0	- 5.0
<b>Net Appropriations</b>	<u>\$ 6,461.6</u>	<u>\$ 7,057.3</u>	<u>\$ 7,417.8</u>
<b>Ending Balance - Surplus</b>	<u>\$ 706.8</u>	<u>\$ 352.3</u>	<u>\$ 76.8</u>
<b><i>Under (Over) Expenditure Limitation</i></b>			<u>\$ - 0.0</u>

<sup>1/</sup> The FY 2015 and FY 2016 revenues are based on the Revenue Estimating Conference's March 19, 2015, estimate and assumes increases of 4.3% and 6.0%, respectively in net receipts after transfers.

<sup>2/</sup> The Medicaid Forecasting Group has estimated a \$68.0 million shortfall in the General Fund Medicaid appropriation for FY 2015. The estimate was made at the Group's February 27, 2015, meeting and may be revised in subsequent meetings.

## State of Iowa Reserve Funds

(Dollars in Millions)

<b>Cash Reserve Fund (CRF)</b>	<b>Actual</b>	<b>Estimated</b>	<b>Projected</b>
	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Funds Available</b>			
Balance Brought Forward	\$ 466.9	\$ 489.3	\$ 522.3
Gen. Fund Transfer from Surplus	927.7	706.8	352.3
Intrastate Receipts (credited after close of FY)	2.1		
<b>Total Funds Available</b>	<b>\$ 1,396.7</b>	<b>\$ 1,196.1</b>	<b>\$ 874.6</b>
<b>Appropriations &amp; Transfers</b>			
Appropriations	\$ 0.0	\$ 0.0	\$ 0.0
<b>Total Appropriations &amp; Transfers</b>	<b>\$ 0.0</b>	<b>\$ 0.0</b>	<b>\$ 0.0</b>
Excess Transferred to EEF	-907.4	-673.8	-336.4
<b>Balance Carried Forward</b>	<b>\$ 489.3</b>	<b>\$ 522.3</b>	<b>\$ 538.2</b>
<i>Maximum 7.5%</i>	\$ 487.2	\$ 522.3	\$ 538.2
<b>Economic Emergency Fund (EEF)</b>			
	<b>Actual</b>	<b>Estimated</b>	<b>Projected</b>
	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Funds Available</b>			
Balance Brought Forward	\$ 144.4	\$ 180.6	\$ 174.1
Excess from Cash Reserve	907.4	673.8	336.4
<b>Total Funds Available</b>	<b>\$ 1,051.8</b>	<b>\$ 854.4</b>	<b>\$ 510.5</b>
<b>Appropriations &amp; Transfers</b>			
Excess Transferred to General Fund	\$ - 679.3	\$ - 642.2	\$ - 319.1
Excess Transferred to Taxpayer Trust Fund	-60.0	0.0	0.0
Transfer to RIF	-116.1	0.0	0.0
Executive Council - Performance of Duty	-15.8	-38.1	-12.0
<b>Balance Carried Forward</b>	<b>\$ 180.6</b>	<b>\$ 174.1</b>	<b>\$ 179.4</b>
<i>Maximum 2.5%</i>	\$ 162.4	\$ 174.1	\$ 179.4
<b>Combined Reserve Fund Balances</b>			
	<b>Actual</b>	<b>Estimated</b>	<b>Projected</b>
	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
Cash Reserve Fund	\$ 489.3	\$ 522.3	\$ 538.2
Economic Emergency Fund	180.6	174.1	179.4
<b>Total CRF and EEF</b>	<b>\$ 669.9</b>	<b>\$ 696.4</b>	<b>\$ 717.6</b>

**FY 2016 General Fund Built-in and Anticipated Expenditures**

(Dollars in Millions)

	<b>LSA</b>
	<b><u>Estimates</u></b>
<b><u>Built-in Changes</u></b>	
1. Human Services - Medical Assistance	\$ 206.0
2. Revenue - Commercial & Industrial Property Tax Replacement	92.0
3. Education - K-12 School Foundation Aid (0% Growth)	71.8
4. Revenue - Business Property Tax Credit	50.0
5. Natural Resources - Resource Enhancement and Protection Program	20.0
6. Education - Instructional Support Program	14.8
7. Education - High-Need Schools	10.0
8. Human Services - Adoption Subsidy	4.9
9. Management - State Appeal Board Claims	4.6
10. College Aid - College Work Study Standing	2.8
11. Education - Nonpublic School Transportation	1.4
12. Human Services - Family Foster Care Rates	1.4
13. Human Services - Iowa Health and Wellness Program	0.9
14. Economic Development Authority - World Food Prize	0.2
15. Cultural Affairs - County Endowment Fund	0.1
16. College Aid - Iowa Tuition Grant (non-profit) Standing	-2.9
17. Human Services - hawk-i	-22.7
Subtotal	<u>\$ 455.3</u>
<b><u>Anticipated Expenditure Changes</u></b>	
18. Salary Annualization	\$ 16.6
19. Human Services - Child Care Assistance	8.1
20. Corrections - Forensic Psychiatric Hospital at Oakdale	2.1
21. Human Services - State Resource Centers	1.7
22. Corrections - Fund Hepatitis C drug costs at Oakdale	1.3
23. Public Safety - Peace Officer Retirement	0.9
24. Human Services - Mental Health Redesign Equalization	0.7
25. Corrections - Staff Additional Prison Beds	0.5
26. Corrections - County Billings	0.3
27. Corrections - Expired Federal Funds	0.2
Subtotal	<u>\$ 32.4</u>
<b>Total Expenditure Increases</b>	<b><u><u>\$ 487.7</u></u></b>

## Taxpayers Trust Fund

(Dollars in Millions)

	<u>Actual FY 2013</u>	<u>Actual FY 2014</u>	<u>Estimated FY 2015</u>	<u>Projection FY 2016</u>
<b>Funds Available</b>				
Balance Brought Forward	\$ 0.0	\$ 60.0	\$ 35.5	\$ 7.8
Economic Emergency Transfer	60.0	60.0	0.0	0.0
Reversion from Taxpayers Trust Fund Tax Credit Fund	0.0	35.5	7.8	0.0
<b>Total Funds Available</b>	<u>\$ 60.0</u>	<u>\$ 155.5</u>	<u>\$ 43.3</u>	<u>\$ 7.8</u>
<b>Total Expenditures</b>	<u>\$ 0.0</u>	<u>\$ 120.0</u>	<u>\$ 35.5</u>	<u>\$ 0.0</u>
<b>Balance Carried Forward</b>	<u><u>\$ 60.0</u></u>	<u><u>\$ 35.5</u></u>	<u><u>\$ 7.8</u></u>	<u><u>\$ 7.8</u></u>

## Taxpayers Trust Fund Tax Credit Fund

(Dollars in Millions)

	<u>Actual FY 2013</u>	<u>Actual FY 2014</u>	<u>Estimated FY 2015</u>	<u>Projection FY 2016</u>
<b>Funds Available</b>				
Balance Brought Forward	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
Transfer from Taxpayers Trust Fund	0.0	120.0	35.5	0.0
Interest	0.0	0.1	0.0	0.0
<b>Total Funds Available</b>	<u>\$ 0.0</u>	<u>\$ 120.1</u>	<u>\$ 35.5</u>	<u>\$ 0.0</u>
<b>Expenditures</b>				
Transfer to General Fund (Reimb. for payment of tax credits)	\$ 0.0	\$ 84.6	\$ 27.7	\$ 0.0
Reversion to the Taxpayers Trust Fund	0.0	35.5	7.8	0.0
<b>Total Expenditures</b>	<u>\$ 0.0</u>	<u>\$ 120.1</u>	<u>\$ 35.5</u>	<u>\$ 0.0</u>
<b>Balance Carried Forward</b>	<u><u>\$ 0.0</u></u>	<u><u>\$ 0.0</u></u>	<u><u>\$ 0.0</u></u>	<u><u>\$ 0.0</u></u>

## Taxpayers Trust Fund Calculation

Calculation for \$60.0M Allocation Based on Previous Year's Net Receipts vs Adjusted Revenue Estimate

(Dollars in Millions)

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Actual /Estimated	\$ 6,311.1	\$ 6,768.7	\$ 6,489.1	\$ 6,767.4
Adjusted Revenue Estimate	- 5,939.3	- 6,224.3	- 6,496.6	- 6,963.6
Maximum to Taxpayer Trust Fund	<u><u>\$ 371.8</u></u>	<u><u>\$ 544.4</u></u>	<u><u>\$ - 7.5</u></u>	<u><u>\$ - 196.2</u></u>

**State of Iowa**  
**Adjusted Revenue Estimate**  
**and Reserve Fund Goal Calculations**

(Dollars in Millions)

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
REC Estimates	\$ 6,739.8	\$ 6,983.2	\$ 7,175.5
Revenue Adjustments	- 243.2	- 19.6	0.0
Adjusted Revenue Estimate	<u>\$ 6,496.6</u>	<u>\$ 6,963.6</u>	<u>\$ 7,175.5</u>
 <u>Reserve Fund Goals</u>			
Cash Reserve Fund	\$ 487.2	\$ 522.3	\$ 538.2
<i>Statutory Percentage</i>	7.5%	7.5%	7.5%
Economic Emergency Fund	162.4	174.1	179.4
<i>Statutory Percentage</i>	2.5%	2.5%	2.5%
Total	<u>\$ 649.6</u>	<u>\$ 696.4</u>	<u>\$ 717.6</u>